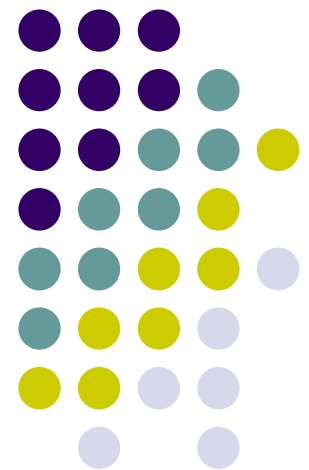


Transparency and A Vision for Resources

Finance Subcommittee
Recommendations for General
Apportionment, Categorical
Programs, and Local Levy Authority

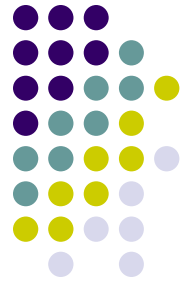


Part 1: Transparency



- Public education is our state's largest enterprise but state funding and district expenditure reporting were designed nearly 30 years ago in a way that is not transparent to the public
- We propose a new way to structure our current funding allocations and expenditures that is transparent and intuitive
 - a new finance structure that uses plain language and common sense categories
 - a new accounting structure and reporting requirements so that expenditures are consistently reported against allocations

The current foundation basic education program has four formula drivers and is supplemented by categorical programs



1. District Enrollment



2. Formula Staff Ratios

(Teachers, Administrators & Classified staff)



3. Salaries & Benefits

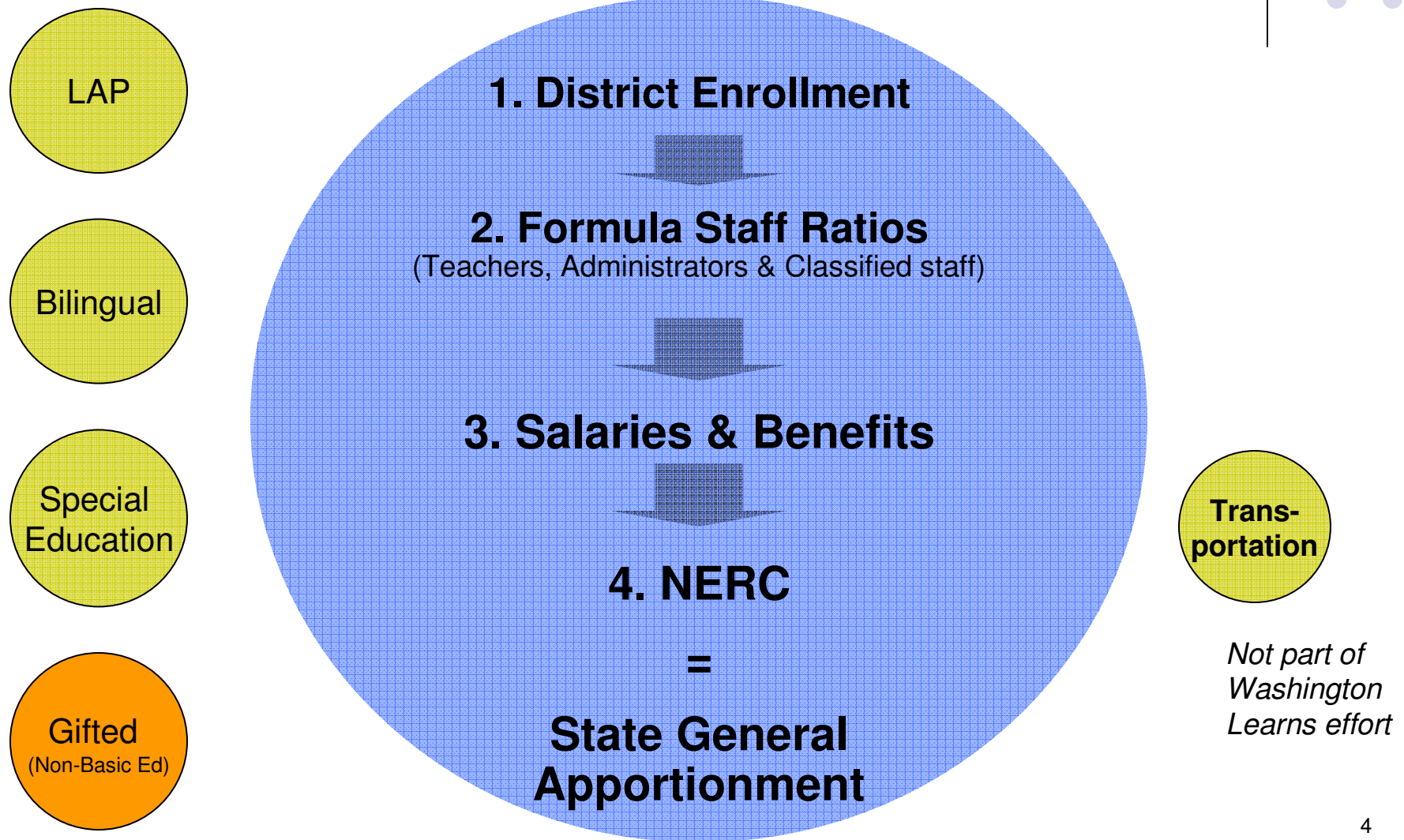
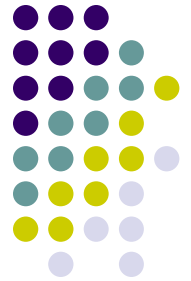


4. Nonemployee Related Costs (NERC)

=

State General Apportionment Allocation

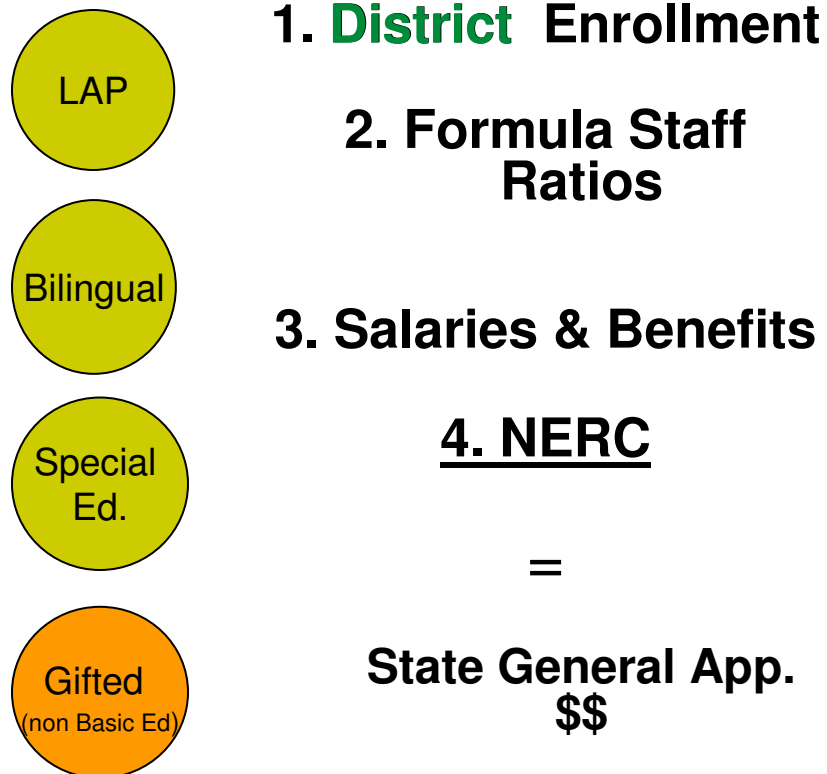
Foundation Allocations are supplemented by categorical funding



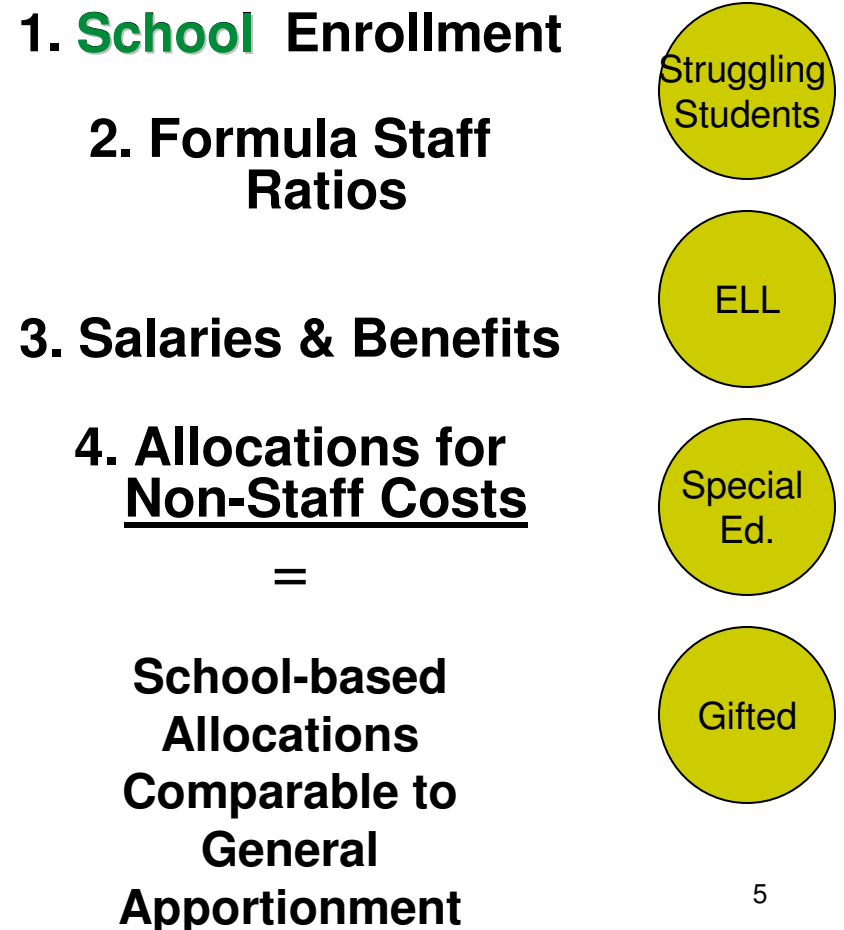
Current District-based Model vs. Proposed School-based Model



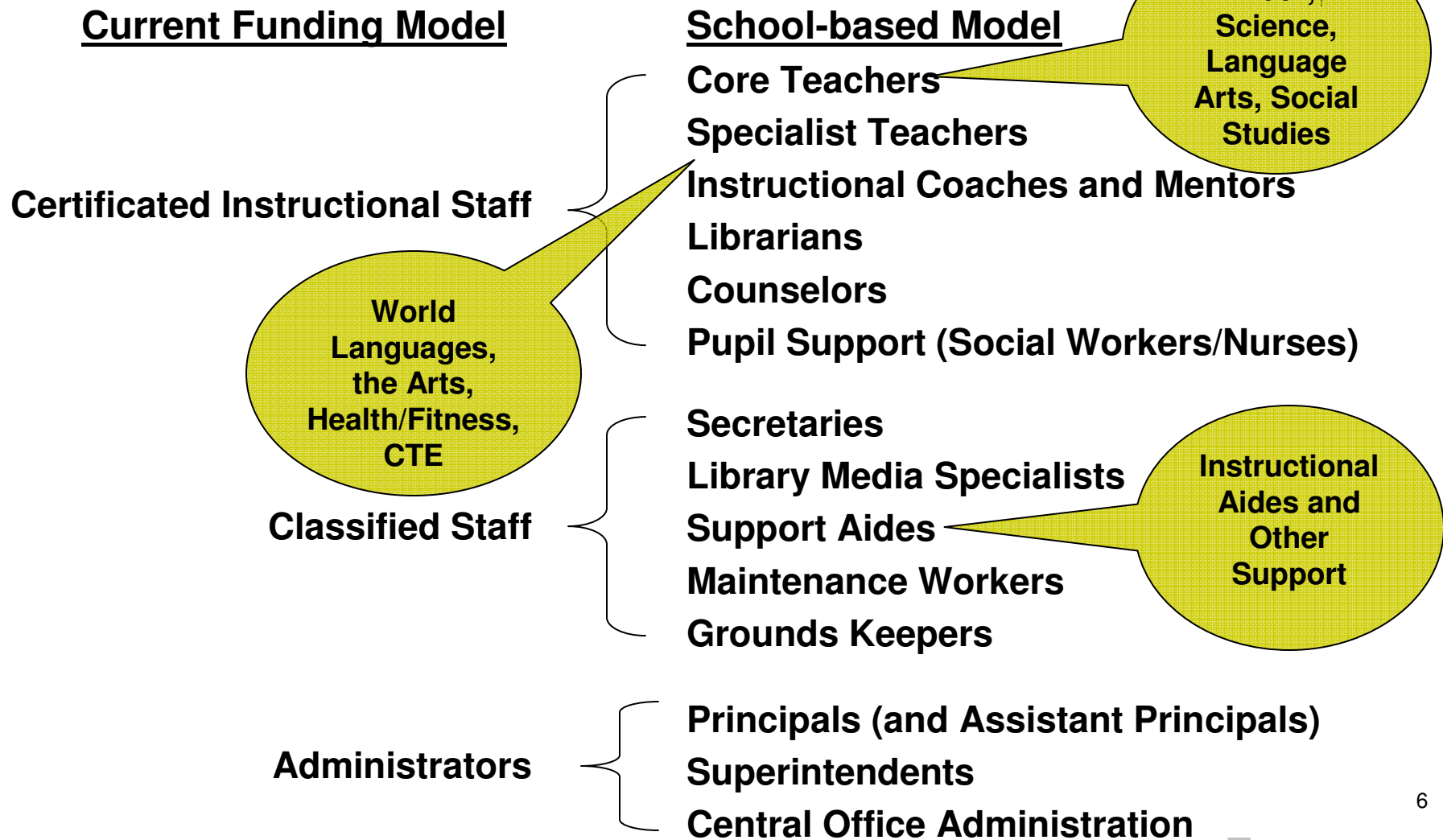
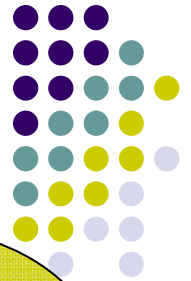
Current Finance Model



School-Based Model



3 vs. 14 Staffing Categories



Minimum Basic Education Staffing Ratios are Prescribed in Law



- **RCW 28A.150.260:**

(b) The formula adopted by the legislature shall reflect the following ratios **at a minimum**: (i) **Forty-nine** certificated instructional staff to one thousand annual average full time equivalent students enrolled in grades kindergarten through three; (ii) **forty-six** certificated instructional staff to one thousand annual average full time equivalent students in grades four through twelve; (iii) **four** certificated administrative staff to one thousand annual average full time equivalent students in grades kindergarten through twelve; and (iv) **sixteen and sixty-seven one-hundredths** classified personnel to one thousand annual average full time equivalent students enrolled in grades kindergarten through twelve.

1,000 students / 4 staff = 250 students per administrator

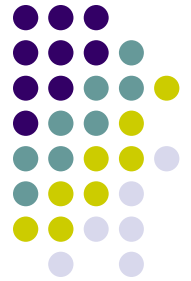
Staffing ratios per 1,000 students can be converted to Staff to Student ratios



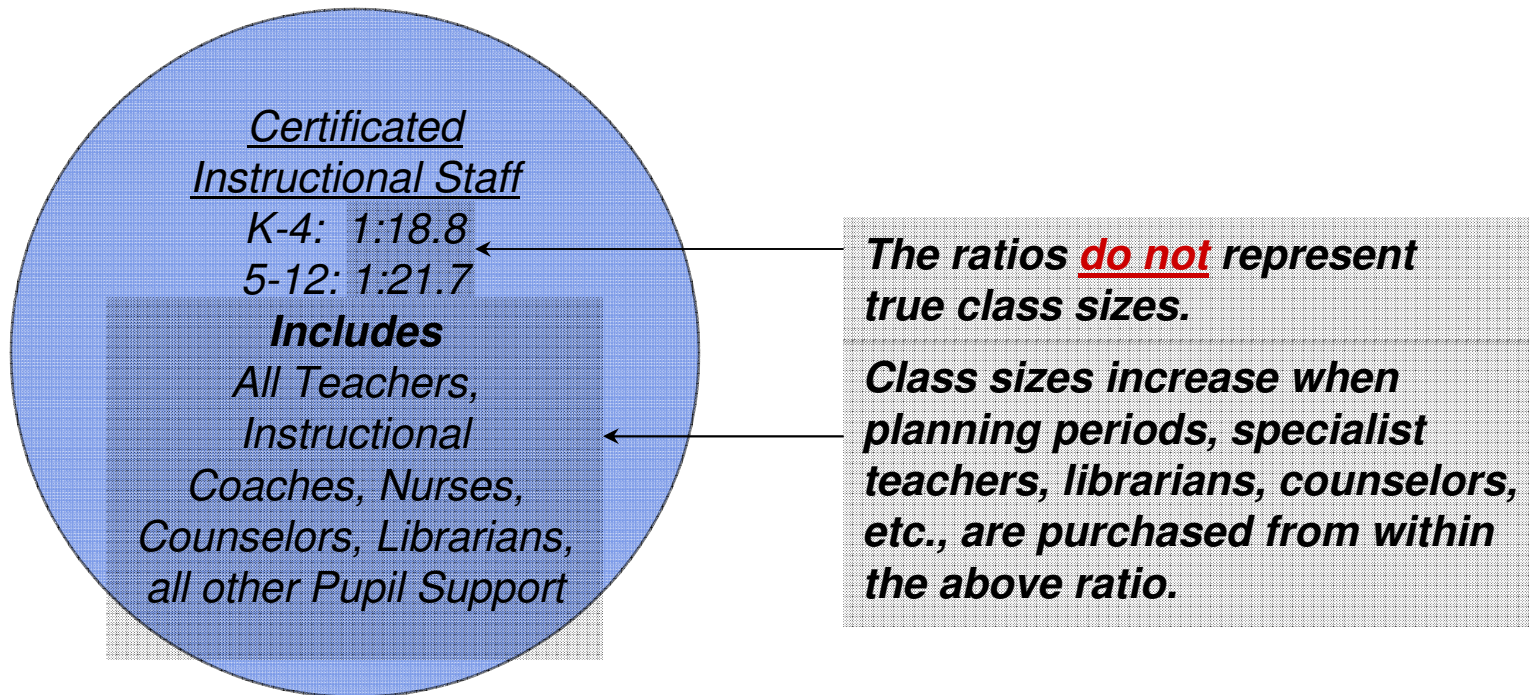
28A.150.260 Basic Education

	Staff per 1,000 students	Students per staff	Actual State Funding Staff per 1,000 students		Students per staff
Certificated Instructional Staff:					
K-3	49	20.4	53.2	=	18.8
Grade 4	46	21.7	53.2		18.8
Grades 5-12	46	21.7	46		21.7
Classified:	16.67	60.0	16.67		60.0
Administrative:	4	250.0	4		250.0

Certificated Instructional Staff Ratios and Class Size



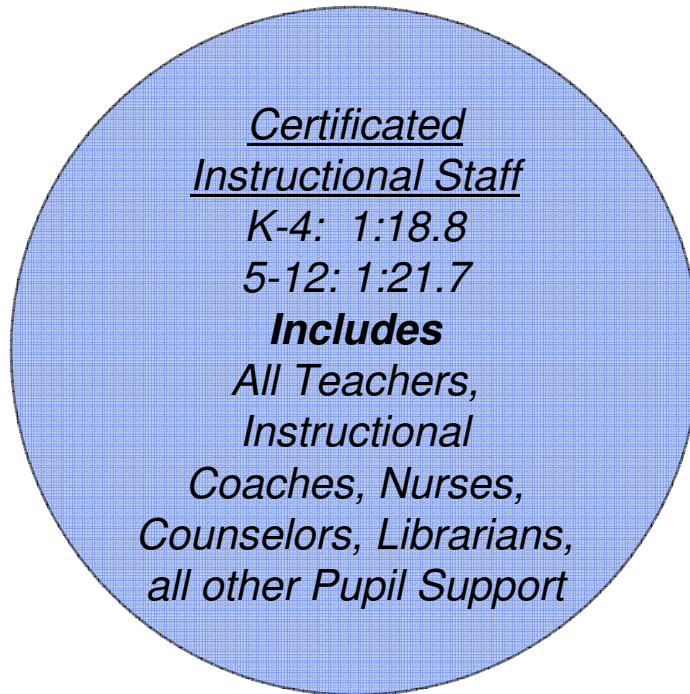
Current Finance Model



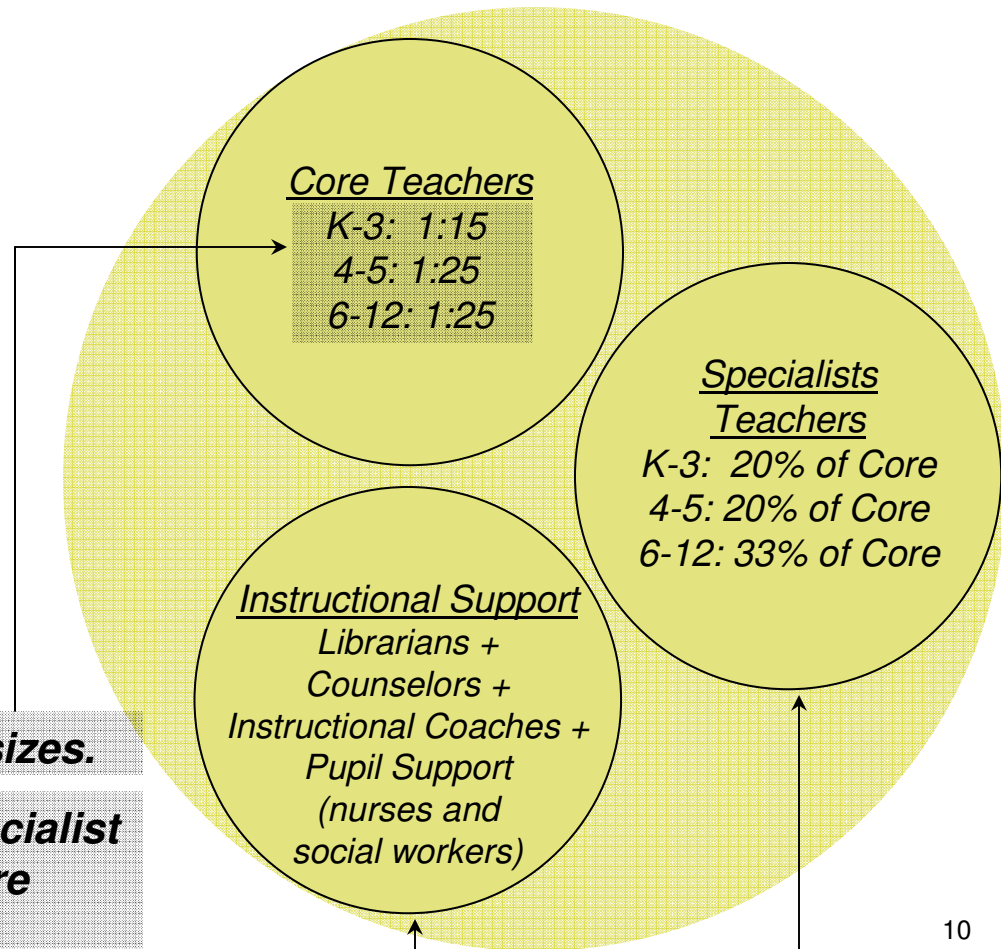
Certificated Instructional Staff Ratios and Class Size



Current Finance Model



School-based Model



These ratios do represent true class sizes.

Class sizes stay consistent when Specialist Teachers and Instructional Support are funded separately.

Make current instructional funding understandable by expressing it as Students per Staff in common-sense categories



The following examples are equivalent:

Current funding expressed as a block		Funding for only core teachers	Current Staff funding expressed in common-sense categories	
<div> <u>Certificated Instruction Staff</u> K-4: 1:18.8 5-12: 1:21.7 </div>	Core Teachers	Grades K-4	1:18.8	1:23.4
		Grades 5-8	1:21.7	1:30.6
		Grades 9-12	1:21.7	1:42.6
		Grades K-4		1:157.2
	Specialist Teachers	Grades 5-8		1:108.7
		Grades 9-12		1:54.4
	Instructional Coaches			1:1,818.3
	Librarians			1:761.8
	Counselors			1:539.9
	Pupil Support (Social Workers/Nurses)			1:2,035.2

Decreasing one type of allocation requires increasing another to stay cost neutral.

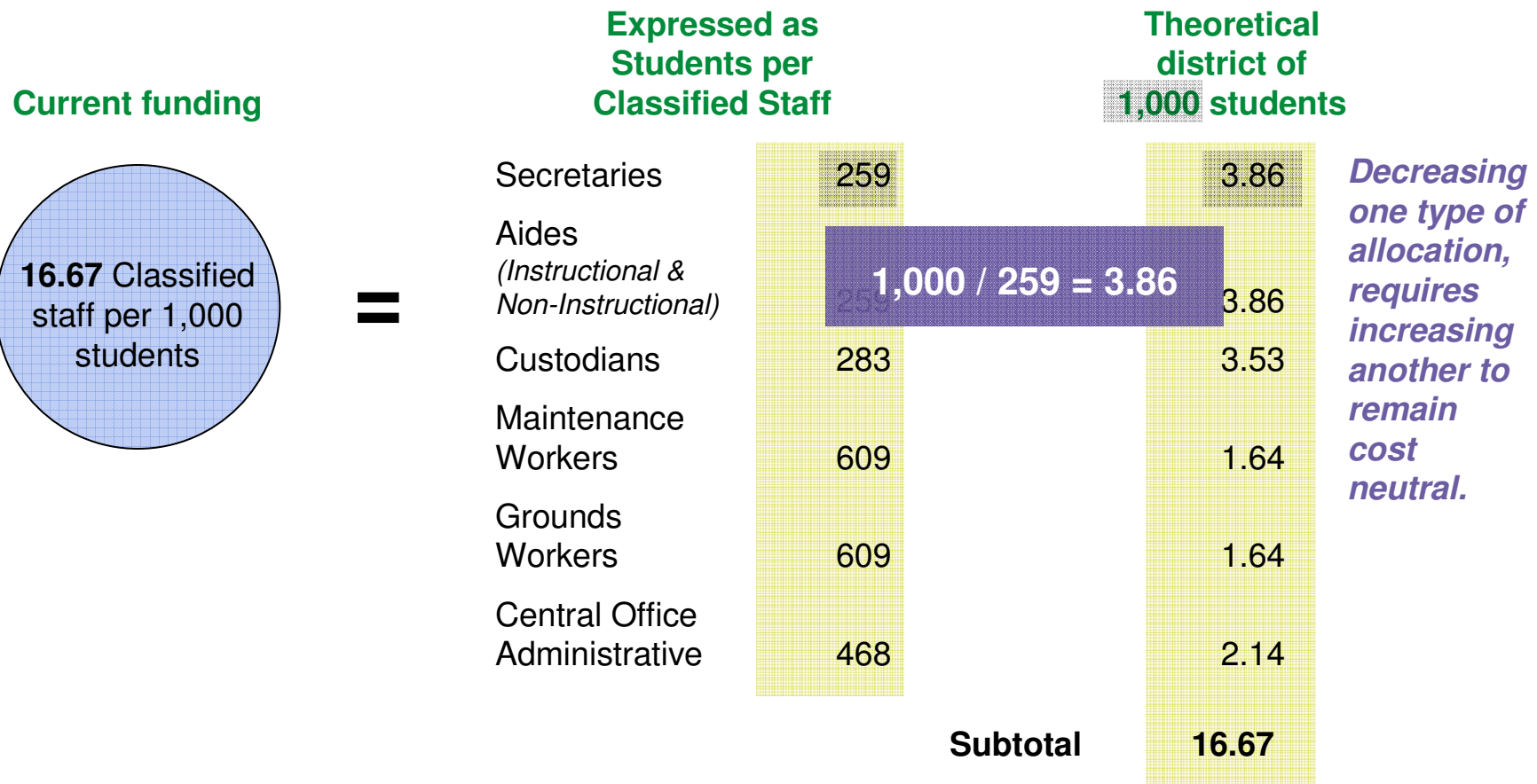
Derived from current district expenditures for instructional support and district expenditures for specialist teachers from successful school district analysis.

Transparency

Make current Classified Staff allocations understandable by expanding the current allocation into common-sense categories



Example of what our current allocation buys:

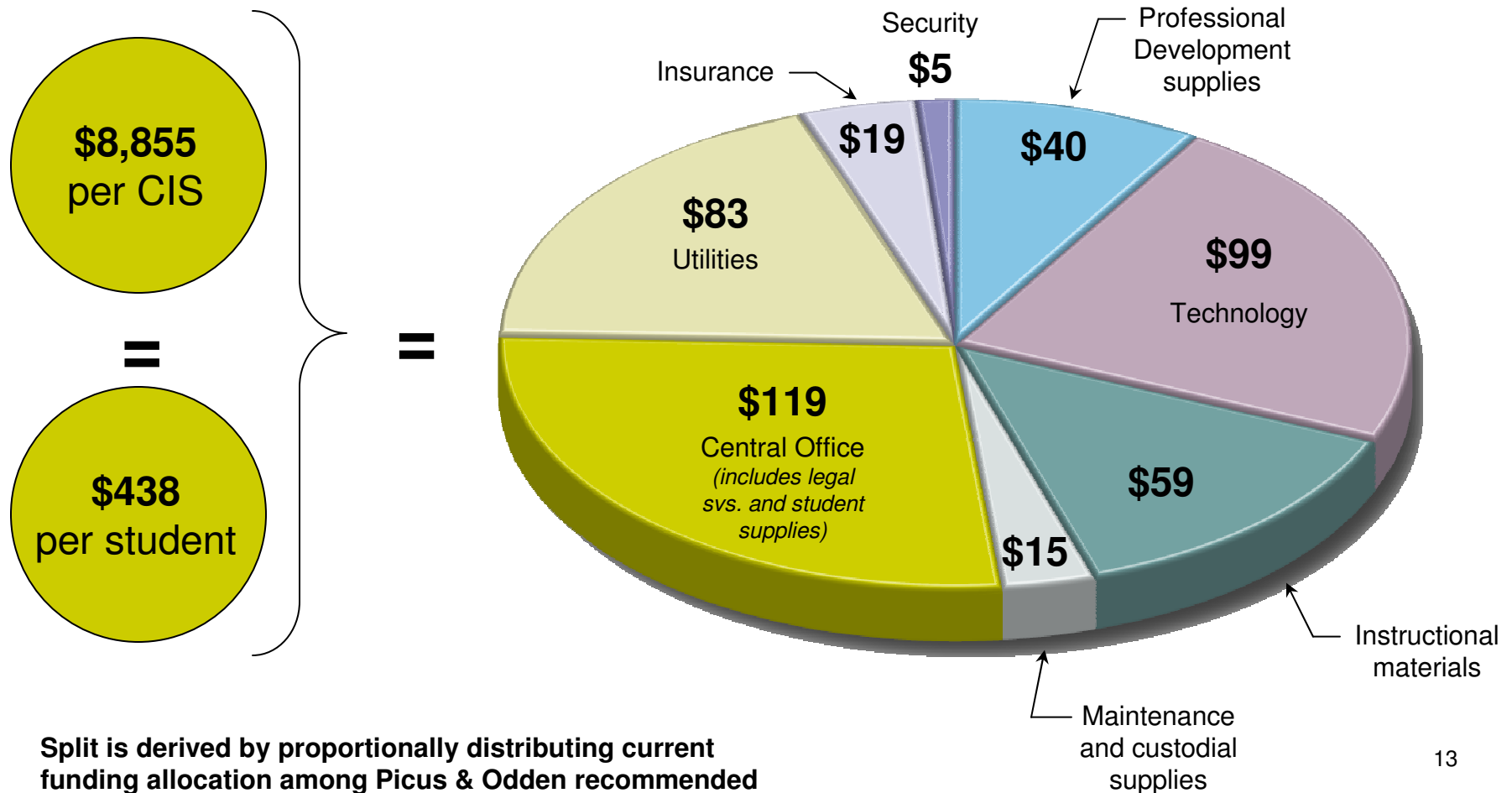


Split is derived by proportionally distributing current funding allocation among Picus & Odden recommended categories.

Make current non-employee funding understandable by breaking the current block allocation into common sense categories

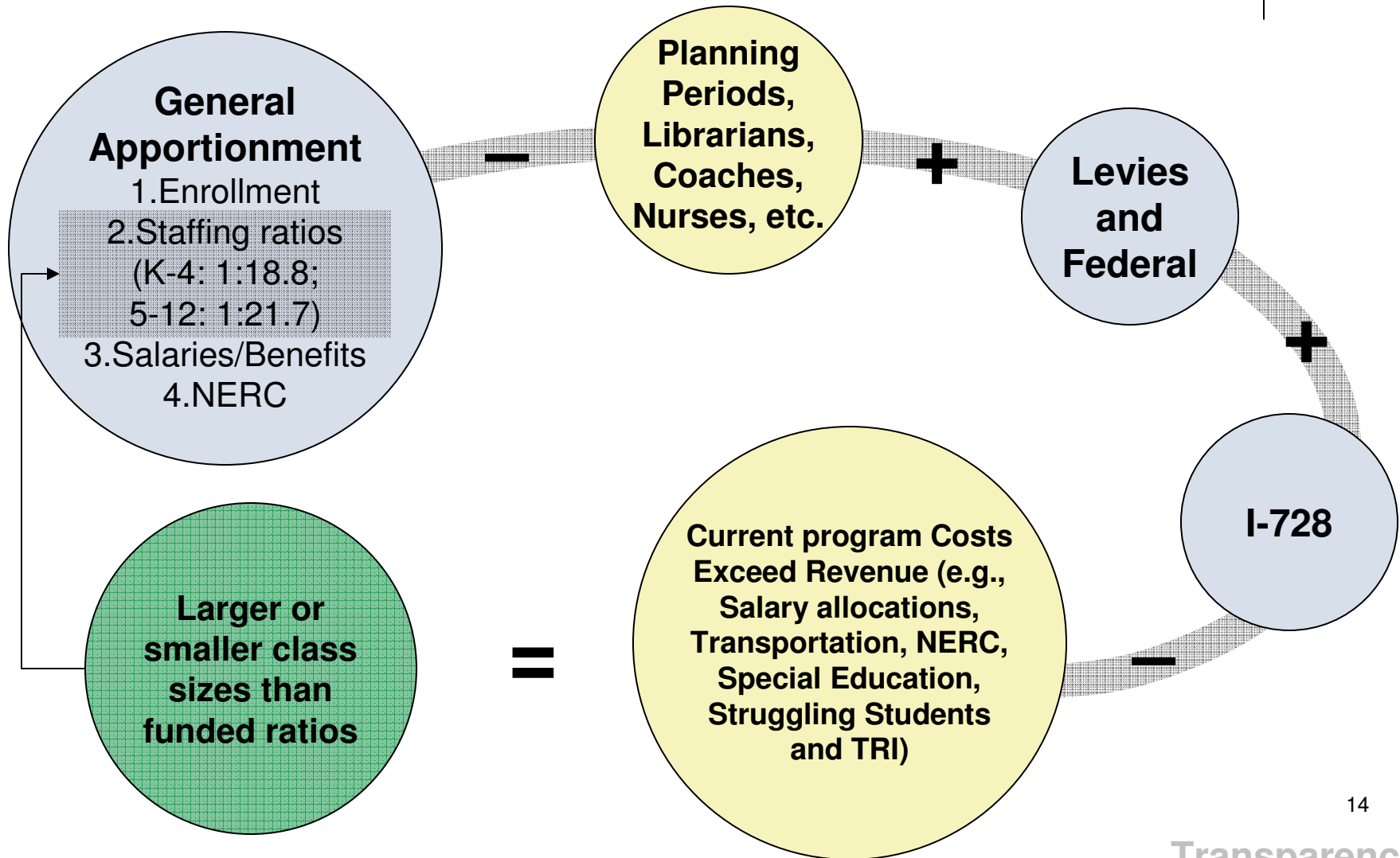
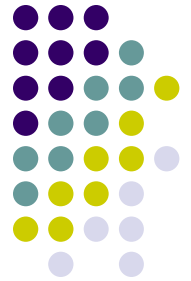


Example of what our 2004-05 allocation bought:



Split is derived by proportionally distributing current funding allocation among Picus & Odden recommended categories.

Complex factors positively and negatively affect class size



K-12 Finance Sub-Committee

Recommendation: New Transparent Reporting & Allocation Model



District Reporting

- Districts report expenditures by revenue source.
- Strengthen district reporting of staff assignments by building.
- Districts report expenditures for selected programs by building.

State Allocations

- State allocate staffing resources by 14 categories.
- State allocate NERC in approx. 8 categories.
- *State allocation changes can be implemented quickly (2007-08);*
- *districts require new OSPI guidance in order to strengthen staff reporting by building (2008-09);*
- *changes to report expenditures by revenue source and/or by building (2008-09 soonest).*

Part 2: The Resource Vision



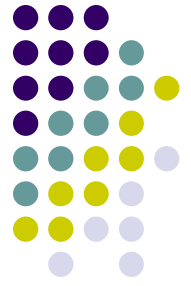
- **Implementation of four recommendations of Advisory Committee in July:**
 - **Constitutional definition of basic education based on the four student learning goals and five new measurable system goals and reaffirm that the state is responsible for funding this definition of basic education (Rec. 1);**
 - **Research-driven and evidence-based investments tied to accountability for the use of new resources (Rec. 2);**
 - **Educator development and compensation to attract, prepare, retool and retain world-class, culturally-competent and diverse teachers and education leaders (Rec. 3); and**
 - **Curriculum and instructional supports to grade-level expectations and rigorous graduation requirements (Rec. 4).**



Resource Vision cont.

- **Schools need new resources, added based on the best-available evidence for the impact of those investments on student learning. Funding struggling students is first priority.**
- **Non-instructional resource allocations should be updated based on actual costs in Washington and other states.**
- **New funding should generally be phased-in over 10 years, with review of assumptions every 4 years.**
- **Current problems within the funding system should be fixed over the 10 year phase in.**
- **Given the phase in and initial targeting toward struggling students, property poor school districts should continue to be allocated levy equalization and property rich districts should be given levy flexibility until phase-in is completed.**

First Biennium Phase-in Summary

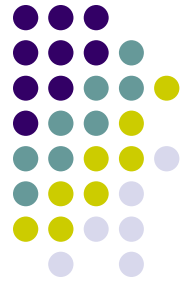


- Redefine Basic Education and implement transparency;
- Phase in full-day kindergarten;
- Phase in targeted class size reduction, beginning with earlier grades;
- Build in additional learning time and support for struggling and gifted students;
- Add 2 days of teacher development each year until state pays for 10 days, include training in content knowledge, differentiated instruction and cultural competence;
- Design and implement a Washington Educator Academy housed in OSPI in cooperation with ESD, colleges, and universities.
- Phase-in mentors and instructional facilitators in poorest schools first and for mathematics, gradually increase for secondary reading and science and expand to all schools who need assistance over 10 years;
- Develop and pilot new teacher compensation system that rewards knowledge and skills, differentiated instruction, and cultural competency; increase base salaries, and update salary allocations for classified staff and administrators;
- Provide resources to districts to move toward statewide curriculum menu beginning with mathematics, science, secondary reading and English Language Development programs; and
- Address special education funding immediately.



Fix Structural Problems

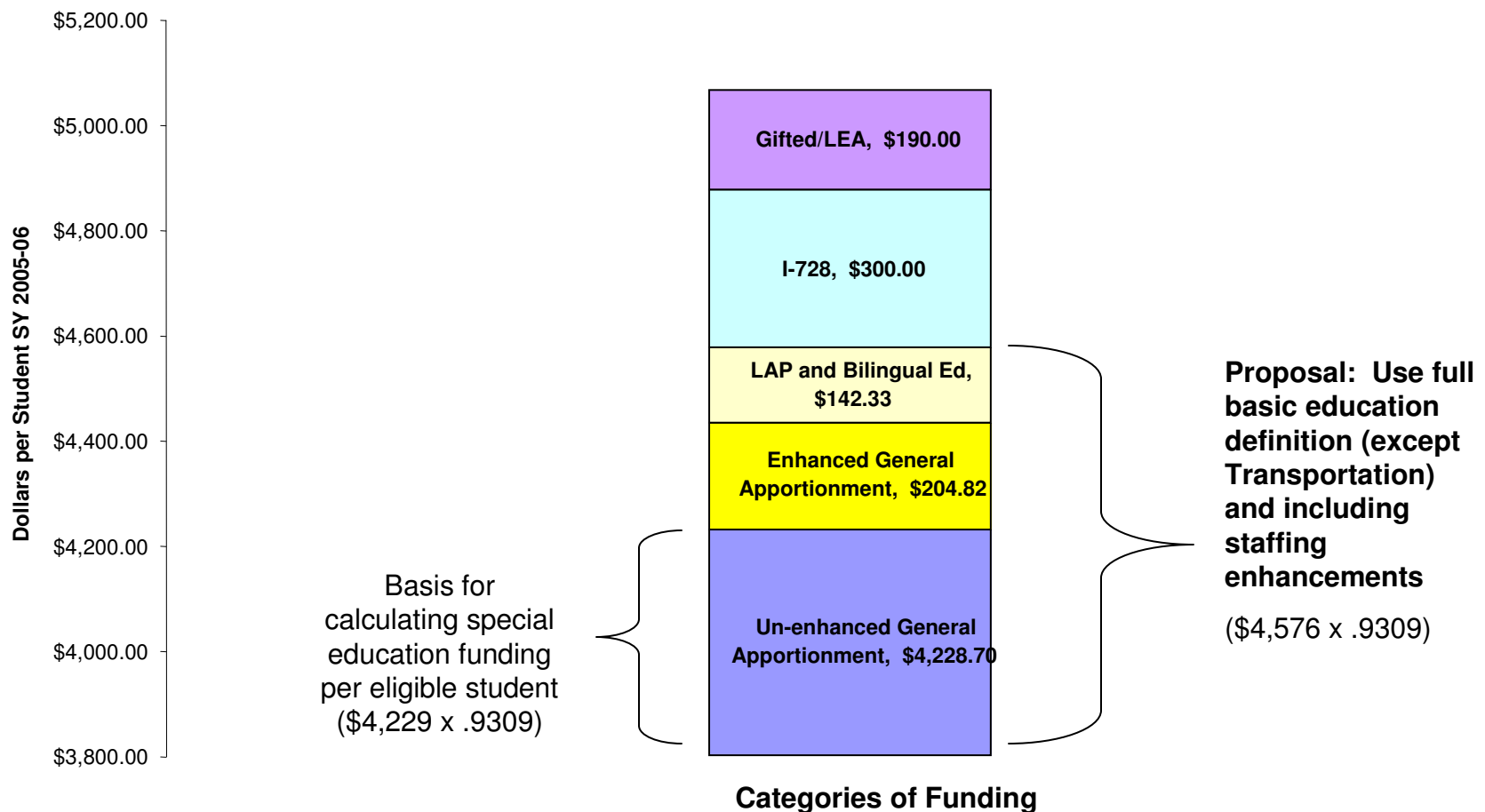
- Eliminate levy and salary grandfathering
 - Develop a plan within one year to fix these problems in six years
- Transition I-728 funding into Basic Education to fund class size reduction, full-day kindergarten, extended day and professional development
- Enact Simple Majority for levies
- Restructure TRI reporting for transparency



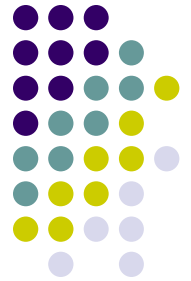
Part 3: Special Education

- **All students are first-and-foremost a “Basic Education” student.**
- **Students eligible for special education services should be allocated additional funding; the formula should continue to be a derivative of Basic Education funding.**
- **Funding for targeted, research-based support for struggling students should also be increased to reduce the number of students who need special education services.**
- **As described further, a series of adjustments to the special education funding formula and accounting methods should be made immediately.**

Refine the base on which special education funding is calculated



Overview of Changes to Special Education Funding and Accounting



- Refine the base on which the derivative for special education is calculated.
- Adjust the calculation of the 12.7% index and adjust the safety net.
- Update funding for special education-eligible preschool students.
- Eliminate integration of federal funding.
- Revise accounting practices.

Adjust the calculation of the 12.7% index and Safety Net



- **Current:** 12.7% index for funded eligible special education students is calculated on special education students ages 3-21 as a percent of 5-21 general education students (FTEs).
- **Recommendation A:**
 - Remove 3-4 year old special education-eligible students from the index calculation thereby eliminating funding penalty to proactive ECE.
- **Recommendation B:**
 - Simplify the current safety net.
 - Develop and fund a new safety net category to provide funding relief where communities are a draw for families with special education-eligible students and the school district exceeds the 12.7% index.

Update funding for special education-eligible preschool students



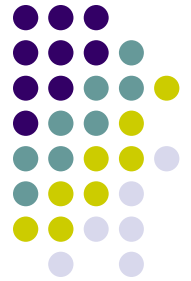
- Total funding for preschool students is unjustifiably lower than for either 0-2 year olds and 5-21 year olds.

2005-06 Funding Levels

<u>Age</u>	<u>Basic Ed</u>	<u>Special Ed</u>	<u>Total</u>
0-2	\$0	\$4,863	\$4,863
3-4	\$0	\$3,936	\$3,936
5 (Kinder)	\$2,114	\$3,936	\$6,051
6-21	\$4,229	\$3,936	\$8,165

- Funding for 3-4 year olds should be consistent with 0-2 year olds (115% of basic education, with no basic education allocation).

Additional funding and accounting changes



- **Eliminate integration of federal IDEA enhancement funding as part of the state funding formula, providing the \$91 per eligible-students as true enhancement.**
- **Review and improve accounting procedures for basic and special education accounting as prescribed in the operating budget and per JLARC recommendations.**